

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 IO-13 H-01 L-03 PA-01 AID-05
CIAE-00 COME-00 EB-08 FRB-03 INR-10 NSAE-00
ICA-11 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01
NSC-05 SS-15 STR-07 CEA-01 NEA-10 AGRE-00 /117 W
-----016319 140955Z /23

P 140916Z JUL 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 8516

C O N F I D E N T I A L SECTION 01 OF 02 MANILA 11949

USADB

PASS TRSYDEP FOR NACHMANOFF/SHERK

EO 11652:GDS
TAGS: EAID, EFIN, ADB
SUBJECT: REACTIVATION OF SAIGON POWER PROJECT

REF: (A) TREASURY 78-81, (B) MANILA 10976, (C) MANILA 9679

1. IN PRIVATE DISCUSSION WITH ADB VICE PRESIDENT FOR OPERATIONS A.T. BAMBAWALE, U.S. EXECUTIVE DIRECTOR EXPRESSED SENSITIVITY OF U.S. GOVERNMENT TO ANY ASSISTANCE FROM ADB WHICH MIGHT FACILITATE FORCED POPULATION RESETTLEMENT IN VIETNAM. USED ALSO INQUIRED AS TO WHAT ROLE SAIGON POWER PROJECT OR ANY OTHER ADB PROJECTS WILL PLAY IN FACILITATING EFFORTS BY SOCIALIST REPUBLIC OF VIETNAM IN NEW ECONOMIC ZONES.

2. ON LATTER POINT, OPERATIONS MANAGER FOR VIETNAM ZIA NOORZOY, WHO HAS VISITED SAIGON, SUBSEQUENTLY CALLED ON USED. HE NOTED THAT ORIGINALLY THE SAIGON POWER PROJECT WAS TO PROVIDE TRANSMISSION LINES IN A LOOP AROUND THE CITY. HOWEVER, THE REVISED PROJECTED CALLS
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FOR EXTENSION OF LINES WEST TO AN INDUSTRIAL CENTER AT BIEN HOA AND EAST TO NEW ECONOMIC ZONES (AGRO-INDUSTRIAL AREAS). THESE ECONOMIC ZONES WERE ESTABLISHED BY THE NEW GOVERNMENT WELL BEFORE THE DIALOGUE WITH ADB BEGAN. NONE OF THE ADB PROJECTS HAD ANY INFLUENCE ON SETTING UP THESE ZONES AND MOVING PEOPLE INTO THESE AREAS. THE ZONES WERE PLANNED TO ASSIST AGRICULTURAL PRODUCTION AND

INCLUDE BUILDING ROADS, BRINGING IN WATER, ESTABLISHING SCHOOLS, ETC. AND NOORZOY, WHO WAS SHOWN SOME OF THE PLANS, WAS IMPRESSED WITH THE QUALITY OF THE EFFORTS.

3. NOORZOY SAID THAT THE GOVERNMENT SELECTED PEOPLE TO MOVE TO THESE ZONES WHO ORIGINALLY HAD COME TO SAIGON FOR SECURITY REASONS OR TO SEEK EMPLOYMENT AND WERE NOW UNEMPLOYED. THE GOVERNMENT IS INVESTING ITS OWN RESOURCES BOTH IN CASH AND IN KIND (FARM TOOLS, SEEDS, ETC.). THE LAND ITSELF BELONGS TO THE COOPERATIVE. HOWEVER, EACH FAMILY IS ALLOTTED TEN PERCENT OF THE LAND TO GROW CROPS FOR SALE, WITH THE BALANCE GOING TO THE COOPERATIVE. WHILE LIFE IS NOT EASY, HE ADDED, AT LEAST FACILITIES DO EXIST IN THESE ZONES. IN THE PARTICULAR ZONES WHERE THE POWER LINES ARE TO BE INSTALLED, ACCORDING TO NOORZOY, THE GOVERNMENT WAS GOING TO DO IT ANYWAY. THESE TRANSMISSION LINES WILL ALSO FACILITATE SUCH THINGS AS PUMP IRRIGATION. THUS, TAKEN ALL TOGETHER, THE PROJECT STILL MAKES SENSE TO THE BANK AS IT WILL IMPROVE THE LIVELIHOOD OF THE ZONES' RESIDENTS.

4. IN RESPONSE TO A DIRECT QUESTION FROM THE USED AS TO WHETHER THE GOVERNMENT WAS MOTIVATED BY A DESIRE TO FORCE MOVE PEOPLE ON POLITICAL GROUNDS, NOORZOY RESPONDED IN THE NEGATIVE. HE BELIEVES THAT THESE NEW ECONOMIC ZONES, ON THE BASIS OF HIS PERSONAL OBSERVATION, ARE NOT
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BEING USED AS "PUNISHMENT" NOR AS RE-EDUCATION CAMPS, BUT RATHER ARE TRUE FARM COMMUNITIES WHICH IN PART AT LEAST FORMERLY WAS FARMED WHEN SECURITY CONDITIONS PERMITTED. NOORZOY SAID THAT HE TALKED TO FARMERS IN ONE LOCALITY; VISITED A LOCAL GOVERNMENT HEADQUARTERS; AND WENT OVER THE ENTIRE PLAN FOR THE AREA. HE SAID THEY HAD MAPS, DESIGNS AND TARGET DATES FOR PROJECTS AND ALL IN ALL WERE FAIRLY WELL ORGANIZED.

5. WITH REGARD TO OTHER PROSPECTIVE PROJECTS FOR REACTIVATION THIS YEAR (BINH DINH IRRIGATION, GO CONG PIONEER AGRICULTURE, TAN AN INTEGRATED AGRICULTURE AND SAIGON WATER DISTRIBUTION, NOORZOY INDICATED NONE OF THEM HAVE ANY RELEVANCE TO THE NEW ECONOMIC ZONES. TWO OF THE PROJECTS (GO CONG AND TAN AN) ARE IN THE MEKONG DELTA. THEY WILL REMAIN ABOUT AS BEFORE, AND THE BANK MISSION RETURNING THIS WEEK WILL BRING BACK INFORMATION ON ANY DEMOGRAPHIC CHANGES. THE BINH DINH PROJECT IS IN THE CENTRAL AREA ALONG THE COAST, A TRADITIONALLY FOOD DEFICIT AREA. THIS PROJECT IS ALSO BASICALLY AS ORIGINALLY APPRAISED, AND AUGMENTING FOOD PRODUCTION CAN BE WELL JUSTIFIED. THE BANK MISSION HAS ALSO REVIEWED

THE SAIGON WATER SUPPLY PROJECT. IT REMAINS WITHIN THE CITY ITSELF AND WILL PROVIDE FOR A MODEST INPUT BY THE BANK.

6. NOORZOY ALSO NOTED THAT, WHILE VISITING ROME THIS PAST WEEK, HE HAD HELD DETAILED DISCUSSIONS WITH IFAD, WHICH IS EAGER TO MOVE AHEAD IN MANY FOOD-DEFICIT COUNTRIES. IFAD WOULD LIKE TO GET STARTED IN VIETNAM THROUGH CO-FINANCING WITH THE BANK. ALTHOUGH HE HAD NOT YET DISCUSSED HIS VISIT TO IFAD WITH MANAGEMENT, HE THOUGHT THE BANK WOULD NOT LIKELY PROPOSE ANY NEW PROJECTS

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ACTION TRSE-00

INFO OCT-01 ISO-00 EA-10 NEA-10 IO-13 L-03 H-01 PA-01
SP-02 ICA-11 AID-05 EB-08 NSC-05 SS-15 STR-07
OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-10
NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 AGRE-00 /117 W
-----016190 140957Z /23

P 140916Z JUL 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 8558

C O N F I D E N T I A L SECTION 02 OF 02 MANILA 11949

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FOR IFAD THIS YEAR. ONE POSSIBILITY, HOWEVER, MIGHT BE FOR IFAD TO PARTICIPATE IN ONE OF THE REACTIVATED PROJECTS. ALSO, IT MIGHT BE QUITE POSSIBLE TO INCLUDE A TECHNICAL ASSISTANCE COMPONENT TO STUDY A SECOND PHASE FOR ONE OR TWO OF THESE AGRICULTURE/IRRIGATION PROJECTS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ELECTRIC POWER PLANTS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 14 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA11949
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780288-1054
Format: TEL
From: MANILA USADB
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780759/aaaabxwl.tel
Line Count: 161
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ebfe9d73-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 MANILA 10976, 78 MANILA 9679
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2004908
Secure: OPEN
Status: NATIVE
Subject: REACTIVATION OF SAIGON POWER PROJECT
TAGS: EAID, EFIN, VM, ADB
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/ebfe9d73-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014